

# SAMPLE

(NOTE: The text of any executed Agreement can vary from the sample text in this Agreement based on the specific circumstances involved)

## SECURITY CONTROL AGREEMENT

This agreement ("the Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ (effective date), by and between [Cleared Corporation], a [State] Corporation (the "Corporation") and the United States Department of Defense (DoD), all of the above collectively "the Parties."

### RECITALS

WHEREAS, the Corporation is duly organized and existing under the laws of the State of \_\_\_\_\_, and has an authorized capital of \_\_\_\_\_ shares, all of which are common voting shares, par value \$ \_\_\_\_\_, and of which \_\_\_\_\_ shares are issued and outstanding and \_\_\_\_\_ shares of preferred stock, par value \_\_\_\_\_, \_\_\_\_\_ of which are issued and outstanding; and

WHEREAS, [Foreign Shareholder], (the "Foreign Shareholder"), which is a wholly-owned subsidiary of (Foreign Parent Corporation) owns approximately \_\_\_\_ percent of the outstanding voting shares of the Corporation;

WHEREAS, the Corporation's Board of Directors currently consists of \_\_\_\_ directors, \_\_\_\_ of whom are also officers of the Corporation, \_\_\_\_ of whom are independent third parties, and \_\_\_\_ of whom Foreign Shareholder is entitled to nominate;

WHEREAS, the Corporation's business consists of \_\_\_\_\_ for various Departments and Agencies<sup>1</sup> of the United States Government, including, without limitation, the DoD, and require the Corporation to have a facility security clearance; and

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<sup>1</sup> The Office of the Secretary of Defense (including all boards, councils, staffs, and commands), DoD agencies, and the Departments of Army, Navy, and Air Force (including all of their activities); Department of Commerce, General Services Administration, Department of State, Small Business Administration, National Science Foundation, Department of the Treasury, Department of Transportation, Department of the Interior, Department of Agriculture, Department of Labor, Environmental Protection Agency, Department of Justice, Federal Reserve System, Government Accountability Office, United States Trade Representative, United States International Trade Commission, United States Agency for International Development, National Aeronautics and Space Administration, Nuclear Regulatory Commission, Department of Education, Department of Health and Human Services, Department of Homeland Security and Federal Communications Commission (the "User Agencies").

**Reviewed 2/3/06**

WHEREAS, the offices of the Corporation and, possibly, its wholly owned subsidiaries, require facility security clearances<sup>2</sup> issued under the National Industrial Security Program ("NISP"), and the NISP requires that a corporation maintaining a facility security clearance be effectively insulated from foreign ownership, control or influence ("FOCI"); and

WHEREAS, the purpose of this Agreement is to reasonably and effectively insulate the Foreign Shareholder (and all entities that control, are under common control with or are controlled by the Foreign Shareholder, collectively, the "Affiliates") from unauthorized access to classified<sup>3</sup> and controlled unclassified information<sup>4</sup> and from influence over the Corporation's business or management in a manner that could result in the compromise of classified information or could adversely affect the performance of classified contracts; and

WHEREAS, the Under Secretary of Defense for Intelligence, (USD) (I) has determined that the provisions of this Agreement are necessary to enable the United States to protect itself against the unauthorized disclosure of information relating to the national security; and

WHEREAS, the DoD has agreed to grant or continue the facility security clearance(s) of the Corporation and its wholly owned subsidiaries from and after the effective date of this Agreement in consideration of, inter alia, the Parties' execution and compliance with the provisions of the Agreement, the purpose of which is to reasonably and effectively deny the Foreign Parent Corporation and all entities which the Foreign Parent Corporation either controls, or is controlled by, hereinafter sometimes referred to collectively as the "Affiliates," from unauthorized access to classified and controlled unclassified information and influence over the Corporation's business or management in a manner which could result in the compromise of classified information or could directly and adversely affect the performance of classified contracts; and

WHEREAS, to comply with the policies of the NISP that require a corporation maintaining a facility security clearance to be insulated effectively from undue FOCI, all parties hereto have agreed that management control of the defense and technology security affairs and classified contracts of the Corporation should be vested in resident citizens of the United States who have NISP personnel security clearances<sup>5</sup>; and

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<sup>2</sup> An administrative determination that a facility is eligible for access to classified information of a certain category.

<sup>3</sup> Any information that has been determined pursuant to Executive Order 12829 or any predecessor order to require protection against unauthorized disclosure and is so designated. The classifications TOP SECRET, SECRET, and CONFIDENTIAL are used to designate such information.

<sup>4</sup> Unclassified information, the export of which is controlled by the International Traffic in Arms Regulations ("ITAR") and/or the Export Administration Regulations ("EAR"). The export of technical data which is inherently military in nature is controlled by the ITAR. The export of technical data which has both military and commercial uses is controlled by the EAR.

<sup>5</sup> An administrative determination that an individual is eligible for access to classified information of a certain category.

WHEREAS, the Foreign Shareholder and other signatories hereto, by their authorized representatives, hereby affirm that (a) they will not seek access to or accept DoD classified information; and will not seek access to or accept controlled unclassified information entrusted to the Corporation, except as permissible under the NISP and applicable United States Government laws and regulations; and (b) they will not attempt to control or adversely influence the Corporation's performance of classified contracts and participation in classified programs; and (c) which specified that "except as expressly authorized by the Agreement, their involvement (individually and collectively) in the business affairs of the Corporation shall be limited to participation in the deliberation and decisions of the Corporation's Board of Directors and authorized committees thereof."

WHEREAS, in order to meet DoD's national security objectives in the matter of the Corporation's facility security clearance(s) and to further the Corporation's business objectives, the Parties intend to be bound by the provisions of the Agreement;

NOW THEREFORE, it is expressly agreed by and between the Parties that this Agreement is hereby created and established, subject to the following terms and conditions, to which all of the Parties expressly assent and agree:

## ORGANIZATION

### ARTICLE I - Management of the Corporation's Business

#### 1.01. Composition of the Corporation Board of Directors.

The Board of Directors of the Corporation ("the Corporation Board"), shall include at least one individual who has no prior relationship with the Corporation or the Affiliates (the "Outside Director"). Except as specifically provided herein, each member of the Corporation Board, however characterized by this Section 1.01, shall have all of the rights, powers, and responsibilities conferred or imposed upon directors of the company by applicable statutes and regulations, and by the Corporation's charter and by-laws. The Chairman of the Corporation Board, as well as its key management personnel<sup>6</sup>, must be resident citizens of the United States who have or who are eligible to possess DoD personnel security clearances at the level of the Corporation's facility security clearances.

#### 1.2. Qualification, Appointment, and Removal of Directors; Board Vacancies

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<sup>6</sup>For purposes of this Agreement, "key management personnel" shall have the meaning currently ascribed to it under paragraph 2-104 of the National Industrial Security Program Operating Manual ("NISPOM"): The senior management official and the Facility Security Officer must always be cleared to the level of the facility security clearance. Other officials, as determined by the Defense Security Service, must be granted a personnel security clearance or be excluded from access to classified information.

1.2.1. During the period that the Agreement is in force, the Corporation Board shall be composed as provided in Section 1.01 hereof, and its members shall meet the following additional requirements:

a. Officers/Directors and Outside Directors shall be resident citizens of the United States and have or be eligible to have DoD personnel security clearances at the level of the Corporation's facility security clearance.

b. Outside Directors shall have been approved by DSS as satisfying the appropriate DoD personnel security requirements and the applicable provisions of the Agreement.

c. The Inside Directors, in their capacity as Directors of the Corporation, shall not have DoD personnel security clearances, regardless of citizenship, and they shall be formally excluded from access to classified information by resolution of the Corporation Board.

1.2.2. The shareholders may remove any member of the Corporation Board for any reason permitted by the provisions of applicable state law or the Corporation's Certificate of Incorporation or By-Laws, provided that:

a. the removal of an Outside Director shall not become effective until that director, the Corporation, and DSS have been notified, DSS has approved the removal, and a successor who is qualified to become an Outside Director within the terms of the Agreement has been approved by DSS;

b. notwithstanding the foregoing, however, if immediate removal of any Director is deemed necessary to prevent actual or possible violation of any statute or regulation or actual or possible damage to the Corporation, the Director may be removed at once, although DSS shall be notified prior to or concurrently with such removal.

c. in the event of any vacancy on the Corporation Board, however occurring, the Corporation shall give prompt notice of such vacancy to the Parent Corporation and DSS, through its Facility Security Officer, and such vacancy shall be filled promptly by the Parent Corporation. Such vacancy shall not exist for a period of more than 90 days after the Director's resignation, death, disability or removal unless the DSS is notified of the delay.

1.2.3. Except as provided by this paragraph, the obligation of a Director to abide by and enforce this Agreement shall terminate when the Director leaves office, but nothing herein shall relieve the departing Director of any responsibility that the Director may have, pursuant to the laws and regulations of the United States, not to disclose classified information or controlled unclassified information obtained during the course of the Director's service on the Corporation Board, and such responsibility shall not terminate by virtue of the Director leaving office. The Corporation's Facility Security

Officer shall advise the departing Director of such responsibility when the Director leaves office, but the failure of the Corporation to so advise the Director shall not relieve the Director of such responsibility.

### 1.3. Indemnification and Compensation of Outside Directors.

1.3.1. The Outside Director in his or her capacity as director of the Corporation shall fulfill his or her duties in accordance with applicable law including the (STATE) General Corporation Law.

1.3.2. The Corporation shall indemnify and hold harmless the Outside Director from any and all claims arising from, or in any way connected to, his performance as a director of the Corporation under the Agreement except for his own individual gross negligence or willful misconduct. The Corporation shall advance fees and costs incurred in connection with the defense of such claim. The Corporation may purchase insurance to cover this indemnification.

## ARTICLE II - Operation of the Agreement

2.1. The Corporation shall at all times maintain policies and practices to ensure the safeguarding of classified information and controlled unclassified information entrusted to it and the performance of classified contracts and participation in classified programs for the User Agencies in accordance with the Security Agreement (DD Form 441 or its successor form), this Agreement, appropriate contract provisions regarding security, United States export control laws, and the NISP. Such policies and procedures shall exclude the Affiliate and all members of its Board of Directors and all of its officers, employees, agents and other representatives of each of them from access to classified information and controlled unclassified information entrusted to the Corporation. Such policies and procedures with respect to the Affiliates shall be established and approved by the Corporation Board, and shall not be repealed or amended without prior written notice to DSS.

### 2.2. Government Security Committee

2.2.1. There shall be established a permanent committee of the Corporation Board, to be known as the Government Security Committee ("GSC"), consisting of the Outside Director and no less than two other directors who are also officers of the Corporation who have personal security clearances.

2.2.2. The GSC shall designate the Outside Director to serve as Chairman of the GSC.

2.2.3. The members of the GSC shall exercise their best efforts to ensure the implementation within the Corporation of all procedures, organizational matters and other aspects pertaining to the security and safeguarding of classified and controlled unclassified information called for in this Agreement, including the exercise of

appropriate oversight and monitoring of the Corporation's operations to ensure that the protective measures contained in this Agreement are effectively maintained and implemented throughout its duration.

2.2.4. The Chairman of the GSC shall designate a member to be Secretary of the GSC. The Secretary's responsibility shall include ensuring that all records, journals and minutes of GSC meetings and other documents sent to or received by the GSC are prepared and retained for review by DSS.

2.2.5. A Facility Security Officer ("FSO") shall be appointed by the Corporation. The FSO shall report to the GSC as its principal advisor concerning the safeguarding of classified information. The FSO's responsibility includes the operational oversight of the Corporation's compliance with the requirements of the NISP. The advice and consent of the Chairman of the GSC will be required to select the FSO.

2.2.6. The members of the GSC shall ensure that the Corporation develops and implements a Technology Control Plan ("TCP"), which shall be subject to review by DSS. The GSC shall have authority to establish the policy for the Corporation's TCP. The TCP shall prescribe measures to prevent unauthorized disclosure or export of controlled unclassified information consistent with applicable United States laws.

2.2.7. A Technology Control Officer ("TCO") shall be appointed by the Corporation. The TCO shall report to the GSC as its principal advisor concerning the protection of controlled unclassified information. The TCO's responsibilities shall include the establishment and administration of all intracompany procedures to prevent unauthorized disclosure and export of controlled unclassified information and to ensure that the Corporation otherwise complies with the requirements of United States Government export control laws.

2.2.8. Discussions of classified and controlled unclassified information by the GSC shall be held in closed sessions and accurate minutes of such meetings shall be kept and shall be made available only to such authorized individuals as are so designated by the GSC.

2.2.9. Upon taking office, the GSC members, the FSO and the TCO shall be briefed by a DSS representative on their responsibilities under the NISP, United States Government export control laws and this Agreement.

2.2.10. Each member of the GSC, the FSO and the TCO shall exercise his/her best efforts to ensure that all provisions of this Agreement are carried out; that the Corporation's directors, officers, and employees comply with the provisions hereof; and that DSS is advised of any known violation of, or known attempt to violate, any provision hereof, appropriate contract provisions regarding security, United States Government export control laws, and the NISP.

2.2.11. Each member of the GSC shall execute, for delivery to DSS, upon

accepting his/her appointment, and thereafter, at each annual meeting of the GSC with DSS, as established by this Agreement, a certificate acknowledging the protective security measures taken by the Corporation to implement this Agreement. Each member of the GSC shall further acknowledge his/her agreement to be bound by, and to accept his/her responsibilities hereunder and acknowledge that the United States Government has placed its reliance on him/her as a United States citizen and as the holder of a personnel security clearance to exercise his/her best efforts to ensure compliance with the terms of this Agreement and the NISP.

### 2.3. Obligations and Certification of Foreign Officers and Directors

#### 2.3.1. The Inside director shall:

- a. not have access to classified information and controlled unclassified information entrusted to the Corporation except as permissible under the NISP and applicable United States Government laws and regulations; and
- b. refrain from taking any action to control or influence the Corporation's classified contracts, its participation in classified programs, or its corporate policies concerning the security of classified information and controlled unclassified information; and
- c. neither seek nor accept classified information or controlled unclassified information entrusted to the Corporation, except as permissible under the NISP and applicable United States Government laws and regulations; and
- d. advise the GSC promptly upon becoming aware of (i) any violation or attempted violation of this Agreement or contract provisions regarding industrial security, export control, or (ii) actions inconsistent with the NISP or applicable United States Government laws or regulations;

2.3.2. Upon accepting appointment and annually thereafter, the foreign Director shall execute, for delivery to DSS, a certificate affirming such Director's agreement to be bound by, and acceptance of the responsibilities imposed by, the Agreement, and further acknowledging and affirming the obligations set forth in 2.3.1.above.

### 2.4. Annual Review and Certification

2.4.1. Representatives of DSS, the GSC, the Corporation's Board, the Corporation's Chief Executive Officer, the Corporation's Chief Financial Officer, the FSO, and the TCO shall meet annually to review the purpose and effectiveness of this Agreement and to establish a common understanding of the operating requirements and how they will be implemented. These meetings shall include a discussion of the following:

- a. whether this Agreement is working in a satisfactory manner;

b. compliance or acts of noncompliance with this Agreement, NISP, or other applicable laws and regulations;

c. necessary guidance or assistance regarding problems or impediments associated with the practical application or utility of the Agreement; and

d. whether security controls, practices or procedures warrant adjustment.

2.4.2. The Chairman of the GSC shall submit to DSS one year from the effective date of the Agreement and annually thereafter an implementation and compliance report which shall be executed by all members of the GSC. Such reports shall include the following information:

a. a detailed description of the manner in which the Corporation is carrying out its obligation under the Agreement;

b. a detailed description of changes to security procedures, implemented or proposed, and the reasons for those changes;

c. a detailed description of any acts of noncompliance, whether inadvertent or intentional, with a discussion of what steps were taken to prevent such acts from occurring in the future;

d. a description of any changes, or impending changes, to any of the Corporation's top management including reasons for such changes;

e. a detailed chronological summary of all transfers of classified or controlled unclassified information, if any, from the Corporation to the Affiliates, complete with an explanation of the United States Governmental authorization relied upon to effect such transfers. Copies of approved export licenses covering the reporting period shall be appended to the report; and

f. a discussion of any other issues that could have a bearing on the effectiveness or implementation of this Agreement.

## 2.5. Visitation Policy

2.5.1. All visits to the Corporation or its U.S. subsidiaries by any director or executive officer of the Affiliates, except the foreign director, shall be reported to the FSO.

2.5.2. A chronological record of all visit notifications made pursuant to Section 2.5.1, including information concerning completed visits, such as the date, place, and personnel involved, shall be maintained by the FSO for review by DSS and periodically reviewed by the GSC.



### ARTICLE III - DoD Remedies

3.1. DoD reserves the right to impose any security safeguard not expressly contained in this Agreement that it believes is necessary to ensure that the subsidiaries and Affiliates are denied unauthorized access to classified and controlled unclassified information.

3.2. Nothing contained herein shall limit or affect the authority of the head of a United States Government agency<sup>7</sup> to deny, limit or revoke the Corporation's access to classified and controlled unclassified information under its jurisdiction if the national security requires such action.

3.3. The Parties hereby assent and agree that the United States Government has the right, obligation and authority to impose any or all of the following remedies in the event of a material breach of any term hereof:

- a. the novation of the Corporation's classified contracts to another contractor. The costs of which shall be borne by the Corporation;
- b. the termination of any classified contracts being performed by the Corporation and the denial of new classified contracts for the Corporation;
- c. the revocation of the Corporation's facility security clearance;
- d. the suspension or debarment of the Corporation from participation in all Federal government contracts, in accordance with the provisions of the Federal Acquisition Regulations; and
- e. the suspension or restriction of any or all visitation privileges.

3.4. Nothing in the Agreement limits the right of the United States Government to pursue criminal sanctions against the Corporation, or any Affiliates, or any director, officer, employee, representative, or agent of any of these companies, for violations of the criminal laws of the United States in connection with their performance of any of the obligations imposed by this Agreement, including, but not limited to any violations of the False Statements Act 18 U. S. C. 1001, or the False Claims Act 18 U. S. C. 287.

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<sup>7</sup> The term "agency" has the meaning provided at 5 U.S.C. 552(f).

## ARTICLE IV - TERMINATION

### 4.1. Termination

This agreement will terminate when written correspondence is received by DSS from the contractor, documenting that the Affiliates in the aggregate own less than five percent (5%) of all issued and outstanding voting securities of the corporation; provided, however, that the foreign investor(s) do not have the ability to appoint or elect Board members. For the purpose of this section, stock ownership is to be determined on an aggregate basis and not as separate classes.

### 4.2. Other Terminations

This agreement may only be terminated by DSS as follows:

- a. in the event of a sale of the business or all of the shares or a substantially similar transaction to a company or person not under FOCI;
- b. when DSS determines that existence of this Agreement is no longer necessary to maintain a facility security clearance for the Corporation;
- c. when DSS determines that continuation of a facility security clearance for the Corporation is no longer necessary;
- d. when DSS determines that there has been a material breach of this Agreement that requires it to be terminated;
- e. when DSS otherwise determines that termination is in the national interest;
- f. when the Corporation for any reason and at any time petitions DSS to terminate the Agreement. However, DSS has the right to receive disclosure of the reason or reasons therefore and has the right to determine, in its sole discretion based on a determination of the national security interests of the United States, whether such petition should be granted.

4.3. Notice of Other Terminations. If DSS determines that this Agreement should be terminated for any reason, DSS shall provide the Corporation with thirty (30) days written advance notice of its intent and the reasons therefor.

4.4. Standard for Other Terminations. DSS is expressly prohibited from causing a continuation or discontinuation of this Agreement for any reason other than the national security of the United States.

5.1. All notices required or permitted to be given to the Parties to this Agreement shall be in writing and shall be deemed given three business days after being mailed in a postpaid envelope, via registered or certified mail, upon receipt if given by hand delivery or facsimile, (answer back received) or one business day after being given a reputable overnight courier, addresses shown below, or to such other addresses as the Parties may designate from time to time pursuant to this section:

For DSS: Defense Security Service  
Local Field Office Address

5.3. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the United States laws, and to the extent not inconsistent with the laws of the State of \_\_\_\_\_.

5.5. Execution in Counterpart: This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have duly executed the Agreement which shall not become effective until duly executed by the DoD.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

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\_\_\_\_\_  
Signature of Witness

By \_\_\_\_\_  
Field Office Chief (City, State)  
(FOR THE DEPARTMENT OF DEFENSE)

## ATTACHMENTS

- a. Resolution Establishing Security Procedures and Authorizing Security Control Agreement.`
- b. Resolution Excluding (insert name of Shareholder) From Access to Classified Information and Authorizing Security Control Agreement.”
- c. Outside Director Security Control Agreement Certificate
- d. Government Security Committee Member Certificate
- e. (Inside Director) Security Control Agreement Certificate.

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS OF  
(Insert name of Corporation)

RESOLUTION ESTABLISHING SECURITY PROCEDURES AND AUTHORIZING  
SECURITY CONTROL AGREEMENT

We, the undersigned, being all of the members of the Board of Directors of (insert name of Corporation), a corporation duly organized and existing under the laws of the State of \_\_\_\_\_, DO HEREBY CONSENT TO AND APPROVE THE ADOPTION OF the following recitals and resolutions:

Whereas (insert name of Shareholder), a (insert name of State or Country) corporation, owns all voting shares of the outstanding stock of (insert name of Corporation) and (insert name of ultimate Shareholder, if any), a (insert name of Country); company, through (insert names and State or Country of all indirect Shareholders existing between the Shareholder and ultimate Shareholder, if any), indirectly owns all the voting shares of the outstanding stock of (insert name of Shareholder); and

Whereas (insert name of ultimate Shareholder), (insert name of Shareholder),\* (insert name of Corporation) , and the United States Department of Defense ("DoD") entered into a Security Control Agreement ("the Agreement"), dated \_\_\_\_\_; and

Whereas under paragraph 2 of the Agreement (insert name of Corporation) must take certain protective measures so that (insert name of Corporation) shall at all times maintain policies and practices that assure the safeguarding of classified information and the performing of classified contracts or programs for the United States User Agencies in accordance with the Department of Defense Security Agreement (DD Form 441), the Agreement, appropriate contract provisions relating to security, and the National Industrial Security Program Operating Manual (NISPOM), DoD 5220. 22-M, including, in accordance with paragraph 2.2.1, revision of By-Laws of (insert name of Corporation) to establish a permanent committee of the (insert name of Corporation) Board of Directors consisting of all the outside directors of (insert name of Corporation) and the (insert name of Corporation) corporate officer/directors to be known as the Government Security Committee.

NOW, THEREFORE, BE IT RESOLVED that:

1. (Insert name of Corporation) , shall at all times maintain policies and practices that assure the safeguarding of classified information and the performing of classified contracts and programs for the United States User Agencies in accordance with the Department of Defense Security Agreement (DD Form 441), the Agreement, appropriate contract provisions regarding security, and the NISPOM, DoD 5220. 22-M.

\* List all firms between the ultimate Shareholder and the Corporation.

2. The By-Laws of (insert name of Corporation) is revised to establish a permanent committee of the (insert name of Corporation) Board of Directors consisting of all the outside directors of (insert name of Corporation) and the (insert name of the Corporation) corporate officers/directors to be known as Government Security Committee.

3. The Government Security Committee shall assure that (insert name of Corporation) maintains policies and practices to safeguard classified information in the possession of (insert name of Corporation) consistent with the terms of the Department of Defense Security Agreement (DD Form 441) and the Agreement.

4. The Government Security Committee shall be responsible for the implementation of the Agreement within (insert name of Corporation) including the exercise of appropriate oversight and monitoring of (insert name of Corporation) operations to assure that the protective measures contained in the Agreement are implemented effectively and maintained throughout the duration of the Agreement.

5. The members of the Government Security Committee shall be cleared to the level of the facility security clearance of (insert name of Corporation) and shall be specifically approved for this function by the Defense Security Service ("DSS").

6. One of the outside directors shall be designated as Chairman of the Government Security Committee.

7. At least one of the outside directors shall attend all (insert name of Corporation) Board of Directors meetings and (insert name of Corporation) Board of Directors committee meetings in order for there to be a quorum.

8. One of the (insert name of Corporation) officers on the Government Security Committee shall be designated by the Government Security Committee to assure that all records, journals, and minutes of the Government Security Committee meetings or other communications of the Government Security Committee are maintained and readily available for DSS review.

9. Discussions of classified matters by the Government Security Committee shall be held in closed sessions and accurate minutes of such meetings shall be kept and shall be available only to such authorized individuals as are identified by the Government Security Committee.

10. Upon taking office, the Government Security Committee members will be briefed by a DSS representative on their responsibilities under DoD security regulations and the Agreement.

11. Each member of the Government Security Committee, upon accepting such

appointment and annually thereafter, shall acknowledge by certificate in the form attached hereto, that the United States Government has placed its reliance on them as United States citizens and as holders of personnel security clearances to exercise all appropriate aspects of the Agreement and to assure that the members of the (insert name of Corporation) Board of Directors, (insert name of Corporation) officers, and (insert name of Corporation) employees comply with the provisions of the Agreement and that DSS is advised of any violation of, or attempt to violate, any undertaking in the Agreement, appropriate contract provisions regarding security or the NISPOM, DoD 5220. 22-M, of which they are aware.

12. A report by the Government Security Committee as to the implementation of and compliance with the Agreement shall be delivered annually to the DSS Cognizant Security Office.

RESOLVED FURTHER that the action of the President of (insert name of Corporation) in executing and delivering the Agreement be and hereby is ratified and affirmed and that the Agreement be and hereby is adopted and approved in substantially the form attached to this written consent.

RESOLVED FURTHER that the appropriate officer or officers of (insert name of Corporation) be and hereby are authorized to take such other actions as may be necessary to implement the provisions thereof.

This Consent may be signed in several counterparts and all such counterparts taken together shall be taken together as one. The number of counterparts that in the aggregate contain the signature of all members of the Board of Directors shall constitute the binding action of the Board.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS OF  
(Insert name of Shareholder)\*\*

RESOLUTION EXCLUDING ( Insert name of Shareholder) FROM ACCESS TO  
CLASSIFIED INFORMATION AND AUTHORIZING SECURITY CONTROL  
AGREEMENT

We, the undersigned, being all the members of the Board of Directors of (insert name of Shareholder) a corporation duly organized and existing under the laws of (insert name of State or Country), DO HEREBY CONSENT TO AND APPROVE THE ADOPTION OF the following recitals and resolution:

WHEREAS, (insert name of Shareholder), a (insert name of State or Country) corporation, owns all voting shares of the outstanding stock of (insert name of Corporation) , a (insert State) corporation, and (insert name of indirect ultimate Shareholder, if any), a (insert name of State or Country) company, through (insert names and State or Country of all indirect Shareholders existing between the Shareholder and ultimate Shareholder, if any) , indirectly owns all the voting shares of the outstanding stock of (insert name of shareholder) ; and

WHEREAS, (insert name of ultimate Shareholder), (insert name of Shareholder)\* (insert name of Corporation), and the United States Department of Defense ("DoD") entered into a Security Control Agreement (the "Agreement"), dated \_\_\_\_\_; and

WHEREAS, one of the requirements of the Agreement for the issuance of an unrestricted facility security clearance to (insert name of Corporation) is the adoption by the Board of Directors of (insert name of Shareholder) of a resolution, which cannot be amended without notification to DoD, that excludes the members of its Board of Directors and its officers, employees, representatives, and agents from access to classified information in the possession of (insert name of Corporation)

NOW, THEREFORE, BE IT RESOLVED that in accordance with and subject to the terms of the Agreement:

1. (insert name of Shareholder) , the members of its Board of Directors employees, representatives, and agents, as such, shall be excluded from access to all classified information in the possession of (insert name of Corporation). This prohibition shall not apply if access to classified information is authorized by the provisions of the NISPOM, if an appropriate United States export license has been granted, and if a favorable foreign disclosure decision has been made by DoD, when required.

\* List all firms between the ultimate Shareholder and the Corporation

\*\* This Board Resolution must be completed by all Shareholder firms in the chain of ownership.

2. (Insert name of Shareholder), as the sole shareholder of (insert name of Corporation), hereby grants to (insert name of Corporation) the independence to safeguard classified information in (insert name of Corporation)'s possession and agrees that it will not influence adversely (insert name of Corporation) classified contracts or programs.

RESOLVED FURTHER that paragraph 2.2.1 of the Agreement as it relates to the Government Security Committee and the resolution of the (insert name of Corporation) Board of Directors, adopted by unanimous written consent and dated \_\_\_\_\_, as it relates to the Government Security Committee be and said terms of the Agreement and the resolution hereby are incorporated into by reference and made a part of the By-Laws of (insert name of Corporation).

RESOLVED FURTHER that the action of the Chairman of the Board of (insert name of Shareholder) in executing and delivering the Agreement be and hereby is ratified and affirmed and that the appropriate officer or officers of (insert name of Shareholder) be and hereby are authorized to take such other actions as may be necessary to implement the provisions thereof.

This Consent say be signed in several counterparts and all such counterparts taken together shall be taken together as one. The number of counterparts that in the aggregate contain the signatures of all member of the Board of Directors shall constitute the binding action of the Board.

DATED:\_\_\_\_\_

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

OUTSIDE DIRECTOR  
Security Control Agreement Certificate

Pursuant to the provisions of the Department of Defense Industrial Security Regulation, 5220.22-R, and the proposed Security Control Agreement among the Department of Defense, (list subject corporation and all parent corporations), \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_, under which I  
will be an Outside Director, the following assurances are provided:

1. I am a United States citizen.
2. I currently reside within the continental United States.
3. I presently hold a personnel security clearance at the level \_\_\_\_\_. (or) I am willing to apply for a personnel security clearance in accordance with the National Industrial Security Program Operating Manual, DoD 5220.22-M.
4. I understand my personnel security clearance must be maintained while serving as an Outside Director for \_\_\_\_\_.
5. I am a completely disinterested individual with no prior involvement with either (insert name of cleared company) or any of its affiliate or the corporate body in which it is located or the (insert name of foreign interest) or any of its affiliates.
6. I fully understand the functions and the responsibilities of an Outside Director of \_\_\_\_\_, and I am willing to accept those responsibilities.

Signed: \_\_\_\_\_  
Dated: \_\_\_\_\_

Witness: \_\_\_\_\_  
(NAME TYPED OR PRINTED)

## GOVERNMENT SECURITY COMMITTEE MEMBER CERTIFICATE

By execution of this Certificate, I acknowledge the protective security measures that have been taken by \_\_\_\_\_ through resolutions dated \_\_\_\_\_, to implement the Security Control Agreement (the "Agreement"), copies of which are attached.

I further acknowledge that the United States Government has placed its reliance on me as a United States citizen and as a holder of a personnel security clearance to exercise all appropriate aspects of the Agreement; to assure that members of the \_\_\_\_\_ Board of Directors, officers, and employees comply with the provisions of the Agreement; and to assure that the Defense Security Service is advised of any violation of, or attempt to violate, any undertaking in the Agreement, appropriate contract provisions regarding security or the National Industrial Security Program Operating Manual, DoD 5220.22-M of which I am aware.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

\_\_\_\_\_  
Name Printed or Typed

(INSIDE DIRECTOR)  
SECURITY CONTROL AGREEMENT CERTIFICATE

I acknowledge that in my capacity as a representative of \_\_\_\_\_,  
\_\_\_\_\_ have been excluded from access to classified  
information and export-controlled technical data in the possession of \_\_\_\_\_  
on in accordance with the terms of a resolution by the Board of Directors of  
\_\_\_\_\_, dated \_\_\_\_\_ 200\_, and the Security Control Agreement entered  
into among \_\_\_\_\_ and the United States Department  
of Defense, dated \_\_\_\_\_, 200\_.

I certify that:

1. I have waived any right to have access to classified information and export-controlled technical data held by \_\_\_\_\_ except as permissible under the National Industrial Security Program Operating Manual (NISPOM), DoD 5220.22M, and applicable United States laws and regulations;
2. I will not adversely influence \_\_\_\_\_ classified contracts or programs or corporate policies regarding the security of classified information and export controlled technical data;
3. I will not seek and have not obtained classified information or export controlled technical data in the possession of \_\_\_\_\_ except as permissible under the NISPOM and applicable United States laws and regulations;
4. If I become aware of any violations of the Security Control Agreement or contract provisions regarding industrial security or actions inconsistent with the NISPOM or applicable United States laws or regulations. I will promptly notify the \_\_\_\_\_ Government Security Committee established by subsection 2(b) of the Security Control Agreement.

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

\_\_\_\_\_  
(Name Type or Printed)

Witness: \_\_\_\_\_

\_\_\_\_\_  
(Name Typed or Printed)

